

Message Text

LIMITED OFFICIAL USE

PAGE 01 BERN 01096 120848Z

20

ACTION INR-07

INFO OCT-01 EUR-12 EA-07 IO-11 ISO-00 SS-15 EB-07 COME-00

SP-02 USIA-06 AID-05 NSC-05 CIEP-01 TRSE-00 STR-04

OMB-01 CEA-01 AGR-05 XMB-02 CIAE-00 /092 W

----- 105303

R 120731Z MAR 76

FM AMEMBASSY BERN

TO SECSTATE WASHDC 2265

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY OTTAWA

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

AMEMBASSY TOKYO

USMISSION NATO

USMISSION GENEVA

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

AMCONSUL ZURICH

LIMITED OFFICIAL USE BERN 1096

EO 11652: N/A

TAGS: EEWT EFIN EINV ETRD SZ

SUBJ: FINANCING EASTERN EUROPE'S TRADE WITH THE WEST

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BERN 01096 120848Z

REF: STATE 38308

1. SUMMARY: A GOS TRADE OFFICIAL SAID THE GROWING INDEBTEDNESS OF THE EASTERN EUROPEAN COUNTRIES IS OF CONCERN, BUT SO FAR THERE HAS BEEN NO PROBLEMS IN PROVIDING FINANCING AND REPAYMENTS ARE ON SCHEDULE. THE OFFICIAL PREDICTED, HOWEVER, THAT THE PRESENT TREND COULD NOT CONTINUE FOR MORE THAN ANOTHER YEAR OR TWO WHEN HE EXPECTS THE EAST EUROPEANS TO BEGIN RESTRICTING IMPORTS. AMCONSUL ZURICH REPORTING SEPARATELY.

2. EMBOFF DISCUSSED REFTTEL QUESTIONS WITH LOUIS ROCHES, EAST-WEST TRADE EXPERT IN THE SWISS DIVISION OF COMMERCE.

3. ROCHES STATED THAT WHILE THE GOS IS NOT DIRECTLY INVOLVED IN FINANCING SWISS EXPORTS TO EASTERN EUROPE, HE IS IN CLOSE TOUCH WITH THE SWISS BANKERS AND EXPORTERS WHO DO. HE COULD NOT, HOWEVER, PROVIDE ANY SPECIFIC FIGURES ON THE AMOUNT OF SUCH FINANCING. ROCHES SAID THAT DESPITE THE CURRENT RECESSION IN SWITZERLAND, EXPORTS TO THE EASTERN BLOC CONTINUE TO EXPAND WHILE IMPORTS STAGNATE OR DECLINE. THE GROWING INDEBTEDNESS OF THE EASTERN EUROPEAN COUNTRIES IS OF CONCERN TO THE GOS, BUT SO FAR THERE HAS BEEN NO DIFFICULTY IN PROVIDING ADEQUATE FINANCING AND REPAYMENTS ARE BEING MADE ON SCHEDULE. THERE HAVE BEEN NO REQUESTS FOR RESCHEDULING AND NO EVIDENCE YET THAT THE EAST EUROPEANS ARE REDUCING THEIR IMPORTS FROM SWITZERLAND.

4. IN ROCHES OPINION, HOWEVER, THE CURRENT TREND CAN NOT CONTINUE FOR MORE THAN ANOTHER YEAR OR TWO. HE DOES NOT SEE ANY LIKELIHOOD OF A MAJOR INCREASE IN SWISS IMPORTS FROM THE EAST, ALTHOUGH HE HOPES THE ECONOMIC UPTURN PREDICTED FOR THIS YEAR WILL STIMULATE AT LEAST A SMALL INCREASE IN IMPORTS. WHILE SWISS BANKERS AND EXPORTERS APPEAR WILLING TO CONTINUE EXTENDING CREDITS FOR THE TIME BEING, ROCHES SAID HE UNDERSTOOD THE EASTERN EUROPEAN COUNTRIES ARE ALREADY THINKING ABOUT RESTRICTING IMPORTS.

5. ROCHES TOLD THE EMBOFF THAT SWISS BANKS ARE WILLING TO EXTEND MORE CREDIT FOR SEVERAL REASONS. FIRST, THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 BERN 01096 120848Z

BANKS ARE AWASH WITH LIQUIDITY AND ARE WILLING TO ASSUME A BIT MORE RISK TO MOVE THEIR EXCESS FUNDS. IN ADDITION, SWITZERLAND IS STILL IN THE GRIP OF RECESSION, AND SWISS INDUSTRY IS VERY ANXIOUS TO SELL ITS PRODUCTS WHEREVER IT CAN. AND LASTLY, THERE IS AN UNSPOKEN ASSUMPTION ON THE PART OF SWISS BUSINESSMEN THAT THE SOVIET UNION STANDS BEHIND ITS SATELLITE COUNTRIES AND WILL STEP IN TO PREVENT ANY DEFAULTS. ROCHES EXPRESSED SOME

DOUBTS ABOUT THIS LAST REASON BUT SAID MOST SWISS BANKERS
BELIEVE IT.

6. WHILE HE COULD NOT PROVIDE ANY SPECIFIC INFORMATION
ABOUT THE USE OF MIDDLE EAST FUNDS TO FINANCE EAST-WEST
TRADE, ROCHES SAID HE HAD THE "IMPRESSION" THAT SOME
EAST EUROPEAN COUNTRIES--HE MENTIONED ROMANIA AND
HUNGARY--HAD OBTAINED SUCH FINANCING.

7. AMCONSUL ZURICH IS REPORTING SEPARATELY ON CONVERSATIONS
WITH SWISS BANKERS THERE.
DAVIS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EAST WEST TRADE, PERSONAL OPINION, DEBT REPAYMENTS, IMPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BERN01096
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760094-0175
From: BERN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760368/aaaachyw.tel
Line Count: 127
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION INR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 38308
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 31 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 MAR 2004 by MartinML>; APPROVED <01 APR 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FINANCING EASTERN EUROPE'S TRADE WITH THE WEST LIMITED OFFICIAL USE
TAGS: EEWTT, EFIN, EINV, ETRD, SZ, XH, (ROCHES, LOUIS)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006